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8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION**

10 In re
11 2nd CHANCE INVESTMENT GROUP, LLC,
12 Debtor and Debtor-in-
Possession.

Case No. 8:22-bk-12142-SC

Chapter 11

**NOTICE OF HEARING ON DEBTOR'S
MOTION FOR ORDER:**

- 13 (1) AUTHORIZING SALE OF REAL
14 PROPERTY FREE AND CLEAR OF
LIENS, CLAIMS, AND INTERESTS
PURSUANT TO 11 U.S.C. §§ 363(b)
AND (f);
15 (2) APPROVING OVERBID PROCEDURES;
16 (3) APPROVING BUYER, SUCCESSFUL
BIDDER, AND BACK-UP BIDDER AS
GOOD-FAITH PURCHASER
PURSUANT TO 11 U.S.C. § 363(m);
17 (4) AUTHORIZING PAYMENT OF
UNDISPUTED LIENS, REAL ESTATE
18 BROKER'S COMMISSIONS, AND
OTHER ORDINARY COSTS OF SALE;
19 (5) WAIVING STAY UNDER RULE 6004(h)

20
21 [3025 Glenview Avenue, San Bernardino,
California 92407; APN: 0268-132-04-0-000]

22 **Remote Hearing:**

23 **DATE:** December 13, 2023

24 **TIME:** 1:30 p.m.

25 **PLACE:** Courtroom 5C/Via ZoomGov
411 West Fourth Street
Santa Ana, California 92701

**TO THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL OTHER
INTERESTED PARTIES AND POTENTIAL BUYER(S):**

PLEASE TAKE NOTICE that on December 13, 2023 at 1:30 p.m., or as soon thereafter as the matter may be heard, the Court will conduct a hearing ("Hearing") in the above-captioned Court on the *Motion for Order: (1) Authorizing Sale of Real Property Free and Clear of Liens, Claims, and Interests Pursuant 11 U.S.C. §§ 363(b) and (f); (2) Approving Overbid Procedures; (3) Approving Buyer, Successful Bidder, and Back-up Bidder as Good-Faith Purchaser Pursuant to 11 U.S.C. § 363(m); (4) Authorizing Payment of Undisputed Liens, Real Estate Broker's Commissions, and Other Ordinary Costs of Sale; and (5) Waiving Stay Under Rule 6004(h) ("Motion")* filed by 2ND Chance Investment Group, LLC, the debtor and debtor-in-possession in the above-captioned case ("Debtor").¹

PLEASE TAKE FURTHER NOTICE that through the Motion, the Debtor seeks an order approving the sale ("Sale") of its right, title and interest in real property located at 3025 Glenview Avenue, San Bernardino, California 92407, APN: 0268-132-04-0-000 ("Property"), on the terms and conditions stated in the written offer titled *California Residential Purchase Agreement and Joint Escrow Instructions* and the *Counter-Offer* (together, "Purchase Agreement") attached to the Motion as Exhibit 5, and incorporated herein by reference, to Cobra 28 No. 8, LP ("Buyer"), for \$250,000.00, cash, or to any person or entity who appears at the hearing on the Motion and submits a higher acceptable bid in accordance with the Trustee's proposed overbid procedures.

PLEASE TAKE FURTHER NOTICE that as part of the Motion, the Debtor seeks an order approving the sale free and clear of any liens, claims, and interests. The Property is being sold on an "as is, where is" basis, with no warranties, recourse, contingencies, or representations of any kind.

¹ On March 1, 2023, the Court approved David M. Goodrich ("CRO") to serve in the capacity of the Debtor's chief restructuring officer. The CRO is authorized to manage and oversee the Debtor's affairs, including supervising the Debtor's financial affairs and outside consultants.

According to the Preliminary Report prepared by Orange Coast Title Company with an effective date of November 6, 2023 ("Title Report"), a copy of which is attached as to the Motion as Exhibit 3, the following items have been recorded against the Property:

Recording Date	Lien Holder	Type of Encumbrance	Instrument Number	Original Lien Amount or Payoff Amount
(item 1)	San Bernardino County Tax Collector	General and special taxes for fiscal year 2023-2024 \$1,436.79 – open \$1,436.76 – open		
05/26/2021 (item 8)	Loan Funder LLC	Financing Statement	2021-242411	
05/26/2021 (item 9)	Loan Funder LLC	Deed of Trust	2021-242412	\$182,000.00 (original amount) \$196,353.20 (current estimate)
05/26/2021	Loan Funder, LLC	Assignment of Rents	2021-242413	\$182,000.00 (original amount)
7/14/2023	Forethought Life Insurance Company	Assignment of Beneficial Interest	2023-0171913	
12/19/2022 (item 13)	Hiten Ram Bhakta, an individual; ASB Ventures, LLC; Precision Realty Fund, LLC	Notice of Pendency of Action CVR12204640, Superior Court of California, County of Riverside ("Lis Pendens")	2022-0402268	
10/24/2023		Withdrawal of Notice of Pendency of Action	2023-0261438	

The lien of Loan Funder LLC (Fay Servicing) is undisputed unless the payoff demands contains fees, costs, or interests that appear unsubstantiated.

San Bernardino County Tax Collector also asserts \$6,574.44 in delinquent unsecured tax bills.

The Lis Pendens has been released. A withdrawal of the Lis Pendens was recorded on October 24, 2023.

The Debtor intends to pay the following undisputed lien or claim at closing of the sale:

(i) the Loan Funder lien recorded on May 26, 2021 as instrument no. 2021-242412 of official records shall be paid in full as of the date of the closing of the sale.

According to the Court's register of claims ("Claims Register"), a copy of which is attached to the Motion as Exhibit 4, the following relevant claim has been filed:

Claim Number	Claimant	Date Filed	Claim Amount/Basis	Classification
51-1	Forethought Life Insurance Company c/o Fay Servicing, LLC	04/07/2023	\$194,913.29 – mortgage/deed of trust	Secured

The Debtor reserves the right to object to the validity, scope and priority of any disputed liens, claims and interest that have been or will be asserted against the Property.

PLEASE TAKE FURTHER NOTICE that the Debtor also seeks an order (i) confirming the sale to the Buyer or to the highest bidder appearing at the hearing and approving the Debtor's proposed overbid procedures; (ii) determining that the Buyer or the successful bidder is entitled to 11 U.S.C. § 363(m) protection; and (iii) waiving the fourteen (14) day stay prescribed by Rule 6004(h) of the Federal Rules of Bankruptcy Procedure.

PLEASE TAKE FURTHER NOTICE that after payment of undisputed liens, current and past due real estate taxes, brokers' commissions, and cost of sale, the Trustee estimates that the sale will generate approximately \$21,754.78 in cash for the benefit of the Estate, calculated as follows:

Purchase Price	\$250,000.00
Payoff to Fay Servicing	(196,353.20)
Brokers Commission	(15,000.00)
Title, taxes, NHD report, recording charges	(15,567.02)
Escrow charges	(1,325.00)
Net proceeds:	\$21,754.78

1 **PLEASE TAKE FURTHER NOTICE** that capital gains taxes, if any, will be paid by
2 the Debtor's principals, Rayshon and Sonja Foster, as the Debtor passes through all
3 income to its principals.

4 **PLEASE TAKE FURTHER NOTICE** that as further detailed in the Motion, the
5 Trustee proposes the following **OVERBID PROCEDURES** for the purchase of the
6 Property:

7 **PROPOSED OVERBID PROCEDURES**

8 The proposed sale to the Buyer is subject to approval of the United States
9 Bankruptcy Court and to qualified overbids. The Buyer has offered to purchase the
10 Property for \$250,000.00 ("Purchase Price"), \$10,000.00 of which has been tendered, with
11 the balance to be tendered upon Close of Escrow (as defined in the Purchase
12 Agreement). As noted above, however, the sale of the Property is subject to overbid
13 pursuant to the following proposed overbid procedures ("Overbid Procedures"):

14 The Debtor proposes the following procedure to allow for overbids prior to the
15 Court's approval of the sale of the Property to ensure that the Property is sold for the best
16 possible price:

- 17 1. Qualifying bidders ("Qualifying Bidder") shall:
 - 18 a. Bid at least \$260,000.00 in cash for the Property;
 - 19 b. Set forth in writing the terms and conditions of the offer that are
20 at least as favorable to the Debtor as those set forth in the Purchase
21 Agreement attached to the Motion as **Exhibit 5**;
 - 22 c. Be financially qualified, in the Debtor's exercise of its sound
23 business judgment, to close the sale as set forth in the Purchase
24 Agreement;
 - 25 d. Submit an offer that does not contain any contingencies to
26 closing the sale, including, but not limited to, financing, inspection, or repair
27 contingencies;

1 e. Submit a cash deposit in the amount of \$20,000.00
2 (\$10,000.00 deposit plus \$10,000.00) ("Overbid Deposit") payable to David
3 M. Goodrich, Chief Restructuring Officer for 2nd Chance Investment Group,
4 LLC, in the form of a cashier's check, which Overbid Deposit shall be non-
5 refundable if the bid is deemed to be the Successful Bid, as defined in
6 paragraph 4 below. The Overbid Deposit, written offer, and evidence of
7 financial qualification must be delivered to the CRO (at 3070 Bristol Street,
8 Suite 640, Costa Mesa, California 92626) by no later than **4:00 p.m.**, Pacific
9 Standard Time, two business days before the hearing on the Motion
10 ("Overbid Deadline"). In its absolute and sole discretion, the Debtor shall
11 have the right to accept additional overbids submitted prior to the hearing
12 but after the Overbid Deadline.

13 2. At the hearing on the Motion, only the Buyer and any party who is
14 deemed a Qualifying Bidder shall be entitled to bid.

15 3. Any incremental bid in the bidding process shall be at least \$5,000.00
16 higher than the prior bid.

17 4. At the hearing on the Motion and upon conclusion of the bidding
18 process, the Debtor shall decide, subject to Court approval, which of the bids is the
19 best bid, and such bid shall be deemed to be the "Successful Bid." The bidder who
20 is accepted by the Debtor as the successful bidder ("Successful Bidder") must pay
21 all amounts reflected in the Successful Bid in cash at the closing of the sale. At the
22 hearing on the Motion, and upon conclusion of the bidding process, the Debtor may
23 also acknowledge a back-up bidder ("Back-Up Bidder") which shall be the bidder
24 with the next best bid. Should the Successful Bidder fail to close escrow on the
25 sale of the Property, the Debtor may sell the Property to the Back-Up Bidder
26 without further Court order.

27 5. Overbids shall be all cash and no credit shall be given to the
28 purchaser or overbidder(s).

6. Upon the conclusion of the auction, any Overbid Deposits, other than the deposits submitted by the Successful Bidder and the Back-Up Bidder, will be promptly returned. The deposit of the Back-Up Bidder will be returned promptly following the close of escrow for the sale of the Property to the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that the Motion is made pursuant to 11 U.S.C. § 363(b)(1), and Federal Rules of Bankruptcy Procedure 6004 and 6006 on the grounds that, based on the Debtor's sound business justification, the Debtor believes the sale of the Property as set forth herein is in the best interests of the Estate. The Buyer's offer is the highest and best offer received to date. Moreover, the Overbid Procedures provide a process by which the Debtor could secure a higher price for the Property.

A copy of the Motion is in file with the Court and available by contacting counsel for the Debtor.

PLEASE TAKE FURTHER NOTICE that any response to the Motion must conform with Local Bankruptcy Rule 9013-1(f)(1), must be filed with the Bankruptcy Court no less than 14 days prior to the above hearing date, and must be served no less than 14 days prior to the above hearing date on the Debtor's counsel at the address noted in the top left corner of the first page of this Notice. Pursuant to Local Bankruptcy Rule 9013-1(h), the failure to timely file and serve an opposition to the Motion may be deemed by the Court to be consent to the relief requested in the Motion.

PLEASE TAKE FURTHER NOTICE that the hearing will be conducted remotely using ZoomGov. Video and audio connection information for the hearing will be provided on Judge Clarkson's publicly posted hearing calendar, which may be viewed online at: <http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

Dated: November 22, 2023

FINANCIAL RELIEF LAW CENTER, APC

By: /s/ Rich Sturdevant
ANDY C. WARSHAW
RICH STURDEVANT
General Counsel for 2nd Chance
Investment Group, LLC